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121324Z Dec 03

UNCLAS ROME 005559

SIPDIS

DEPT FOR EB - SALOOM
TREASURY FOR ZARATE AND MURDEN

E.O. 12958: N/A
TAGS: [ETTC](#) [IZ](#) [IT](#) [UNSC](#)
SUBJECT: PROMPTING BANKS TO COMPLY WITH UN RESOLUTION ON
FROZEN IRAQI ASSETS

REF: ROME 05542

1. (SBU) AS FINANCE MINISTRY OFFICIALS INDICATED IN RESPONSE TO OUR APPROACHES ON FROZEN IRAQI ASSETS, THE FINANCIAL SECURITY COMMITTEE (FSC) DISCUSSED THIS ISSUE AT ITS DECEMBER 11 MEETING (REF A). IT WAS AGREED THAT SENIOR FINANCE AND CENTRAL BANK OFFICIALS WILL CONTACT ITALIAN BANKS DIRECTLY TO TRANSFER FROZEN IRAQI ASSETS TO THE DEVELOPMENT FUND FOR IRAQ (DFI). ROBERTO CICIANI, SENIOR DIRECTOR, FINANCE MINISTRY, TOLD ECONOFF ON DECEMBER 12 THAT THE CENTRAL BANK'S UFFICIO ITALIANO DEI CAMBI HAS SENT OUT LETTERS TO BANKS REGARDING THE OBLIGATION TO TRANSFER FUNDS TO THE DFI AS INDICATED IN ANNEX THREE OF THE EU RESOLUTION PASSED LAST WEEK. THE FSC IS CONFIDENT THAT THE BANKS WILL BE FORTHCOMING AND TRANSFER FUNDS BY THE END OF THE MONTH.

2. (SBU) FINANCE SECRETARY GENERAL DOMENICO SINISCALCO WILL ALSO SEND OUT LETTERS TO BANKS THAT SEEK REPAYMENT OF OUTSTANDING CREDIT. THE LETTER WILL INSTRUCT BANKS TO COMPLY - IMMEDIATELY -- WITH THE UN AND EU DIRECTIVES. BANKS THAT CONTINUE TO SEEK ANY EXCEPTION MUST PRESENT THEIR CASE - WITH ANY SUPPORTING LEGAL JUSTIFICATION - TO THE FINANCIAL SECURITY COMMITTEE. CICIANI SAID THE FSC IS DECIDING WHAT DEADLINE SHOULD BE ESTABLISHED FOR BANKS THAT SEEK A RULING FROM THE FSC, BUT COMMENTED THAT THE DEADLINE WILL BE TIGHT. THE FSC IS AWARE THAT UNDER UNSCR 1483, EXCEPTIONS ARE NARROW IN SCOPE, AND WILL MAKE ITS RULING IN STRICT ACCORDANCE WITH UNSCR 1483.

3. (SBU) THE FSC DID NOT IDENTIFY POSSIBLE PUNITIVE ACTIONS, SHOULD THE BANKS NOT COMPLY, CICIANI STATED. COMMITTEE MEMBERS WANTED TO SEE THE RESPONSE OF BANKS BEFORE DECIDING UPON SUCH MEASURES.

SEMBLER

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2003ROME05559 - Classification: UNCLASSIFIED